

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

AN ADJUSTMENT OF RATES OF)
PARKSVILLE WATER DISTRICT) CASE NO. 8907

O R D E R

On July 16, 1984, Parksville Water District ("Parksville") submitted a petition for rehearing of this case, thereby requesting the reinstatement of approximately \$27,768 in operating expenses which were disallowed by the Commission in its Order dated June 26, 1984. In its petition, Parksville requested that the Commission reconsider its rate-making decisions with regard to the disallowance of purchased water expense associated with excess water loss, the disallowance of transmission and distribution expenses associated with proposed salary increases, and the disallowance of test-period transportation expense.

The Commission's decision regarding Parksville's excess water loss was formulated on the basis of established rate-making policy in accordance with 807 KAR 5:067, Purchased Water Adjustment Clause. This issue was addressed in the Commission's letter of March 19, 1984, which requested additional information regarding Parksville's test-period water loss. Parksville's response to this information request did not present any evidence which would serve as a basis for departure from the Commission's established

position on this issue. Although in its petition Parksville presented information concerning the accountability of lost water, the Commission is of the opinion that no persuasive evidence was provided therein to support reconsideration of the purchased water expense adjustment.

With regard to the salary increases which Parksville proposed for its operator and part-time employees, the Commission, in its June 26, 1984, Order, cited Parksville's numerous management inefficiencies in disallowing the proposed increase to the operator's salary. In addition, the Commission found the proposed increase for part-time employees to be not sufficiently known and measurable due to the as-needed nature of the services provided by these persons. In its petition, Parksville provided no additional information which would substantively support reconsideration of the proposed salary increases. Therefore, the Commission is of the opinion that Parksville's petition for reconsideration of the disallowance of transmission and distribution expenses associated with the proposed salary increases should be denied.

In its petition, Parksville concurred with the Commission's determination as related per the June 26, 1984, Order that the payment of a flat-rate lease fee and gasoline charge to W. G. Feather and Son did not constitute a true measure of Parksville's transportation expense. The Commission is of the opinion that the petition for reconsideration of the transportation expense adjustment should be granted to allow Parksville an opportunity to present additional information and documentation in support of a more

accurate and determinable measure of the test-period transportation expense amount.

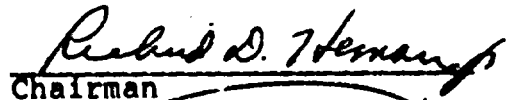
IT IS THEREFORE ORDERED that the petition for reconsideration be and it hereby is denied on the issues of purchased water expense associated with excess line loss and transmission and distribution expense associated with salary increases.

IT IS FURTHER ORDERED that the petition for reconsideration be and it is hereby is granted on the issue of transportation expense.

IT IS FURTHER ORDERED that Parksville shall file, within 20 days of the date of this Order, all additional information and documentation in support of a more accurate and determinable measure of its test-period transportation expense.

Done at Frankfort, Kentucky, this 3rd day of August, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary